

PERRY-MORRICE-SHAFTSBURG
AMBULANCE SERVICE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Perry Morrice Shaftsbury Ambulance, Inc.	County Shiawassee
Audit Date 9/30/05	Opinion Date 11/29/05	Date Accountant Report Submitted to State: Dec 21, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

DEC 27 2005

LOCAL AUDIT & FINANCE DIV.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Demis and Wenzlick, PC			
Street Address 217 N. Washington Street, Suite 201	City Owosso	State MI	ZIP 48867
Accountant Signature <i>Geraldine Perry, CPA</i>		Date 12-21-05	

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
AUDITED FINANCIAL STATEMENTS:	
Statement of Financial Position	2 - 3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 -10



DEMIS and WENZLICK, P.C.

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Board of Directors
Perry-Morrice-Shaftsburg Ambulance Service, Inc.
10932 S. Bennett Drive
Morrice, Michigan 48857

We have audited the statement of financial position of Perry-Morrice-Shaftsburg Ambulance Service, Inc., a non-profit corporation, as of September 30, 2005 and the related statements of activities, functional expenses for the periods then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Perry-Morrice-Shaftsburg Ambulance Service, Inc., ceased providing ambulance and advanced life support services on June 22, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not extend our auditing procedures to the statement of financial position as of December 31, 2004. This statement has a material affect on the statements of activity and cash flows for the periods ending September 30, 2005. Accordingly, we are unable to express an opinion on these statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perry-Morrice-Shaftsburg Ambulance Service, Inc., as of September 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

Demis and Wenzlick, P.C.

Certified Public Accountants

Owosso, Michigan
November 29, 2005

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2005

ASSETS

CURRENT ASSETS:

Petty Cash		\$ 16
Cash - Savings		19,427
Cash - Checking		38,622
Cash - Training Fund - CD		5,305
Accounts Receivable - ALS		2,406
Accounts Receivable - CRP Billing Services		<u>10,236</u>
TOTAL CURRENT ASSETS		\$ 76,012

FIXED ASSETS:

Land	\$ 13,105	
Building	<u>151,872</u>	
	\$164,977	
Less: Accumulated Depreciation	<u>59,937</u>	<u>105,040</u>

TOTAL ASSETS		<u>\$181,052</u>
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The accompanying notes are an integral
part of the financial statements.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2005

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 178
Payroll Taxes Payable	299
Current Maturities on Long-Term Debt	<u>10,029</u>
TOTAL CURRENT LIABILITIES	\$ 10,506

LONG-TERM DEBT	\$ 77,389
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NET ASSETS:

Unrestricted	\$ 87,852
Temporarily Restricted by Donor	<u>5,305</u>
TOTAL UNRESTRICTED NET ASSETS	\$ <u>93,157</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>181,052</u>
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The accompanying notes are an integral
part of the financial statements.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDING SEPTEMBER 30, 2005

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUES:			
Direct Billing	\$ 69,972	\$	\$ 69,972
Service Contracts	55,586		55,586
Miscellaneous Income	536		536
Other - Donations	1,459		1,459
ALS Runs	7,063		7,063
Gain on Sale of Assets	22,086		22,086
Interest Income	19	199	218
Recovery of Bad Debt	1,511		1,511
Pancake Breakfast Proceeds	<u>7,016</u>		<u>7,016</u>
TOTAL SUPPORT AND REVENUES	\$165,248	\$ 199	\$165,447
EXPENSES:			
Program Services	\$155,983	\$	\$155,983
Management and General	35,078		35,078
Bad Debt-Contractual Adjustments	<u>49,443</u>		<u>49,443</u>
TOTAL EXPENSES	\$240,504	\$	\$240,504
INCREASE (DECREASE) IN NET ASSETS	\$(75,256)	\$ 199	\$(75,057)
NET ASSETS, BEGINNING OF PERIOD	\$163,107	\$ 5,106	\$168,213
PRIOR PERIOD ADJUSTMENT	<u> </u>	<u> </u>	<u> </u>
NET ASSETS, BEGINNING OF PERIOD (AS RESTATED)	\$163,107	\$ 5,106	\$168,213
NET ASSETS, END OF PERIOD	\$ <u>87,851</u>	\$ <u>5,305</u>	\$ <u>93,156</u>

The accompanying notes are an integral
part of the financial statements.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE PERIODS ENDING SEPTEMBER 30, 2005

	<u>PROGRAM SERVICES</u>	<u>MGMT. & GENERAL</u>
Salaries and Wages	\$104,754	\$ 10,723
Payroll Taxes	<u>11,571</u>	<u>1,250</u>
TOTAL SALARIES EXPENSE	\$116,325	\$ 11,973
Advertising	\$	\$ 17
Outside Labor		200
Business Promotions		154
Bank Charges		22
Car and Truck Expense	2,318	
Collection Expense	10,820	
Dues and Memberships		125
Freight and Postage		121
Insurance	13,967	
Interest		4,860
Laundry	428	
Medical Supplies	(1,424)	
Office Supplies and Expense		1,168
Professional Fees		7,218
Pancake Breakfast Expense		6,965
Repairs and Maintenance - Bldg.	2,959	
Repairs and Maintenance - Vehicle	1,309	
Supplies	149	
Other Taxes and Licenses	200	30
Telephone		1,955
Uniforms	(30)	
Utilities	<u>2,747</u>	
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 33,443	\$ 22,835
DEPRECIATION	<u>6,215</u>	<u>270</u>
TOTAL EXPENSES	<u>\$155,983</u>	<u>\$ 35,078</u>

The accompanying notes are an integral part of the financial statements.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDING SEPTEMBER 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in Net Assets	\$(97,342)
Adjustment to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	6,485
(Increase) Decrease in Operating Assets:	
Accounts Receivable	79,686
Increase (Decrease) in Operating Liabilities:	
Payroll Taxes	(1,885)
Accounts Payable	<u>(3,198)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$(16,254)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds Sale of Equipment	\$ <u>32,151</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 32,151
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on Long-Term Debt	\$ <u>(7,679)</u>
	\$ (7,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 8,218
Unrestricted Cash and Cash Equivalents at December 31, 2004	<u>49,847</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS AT SEPTEMBER 30, 2005	\$ <u>58,065</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid During the Year for:	
Interest	\$ <u>4,860</u>

The accompanying notes are an integral
part of the financial statements.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Perry-Morrice-Shaftsburg Ambulance Service, Inc., was incorporated under the laws of the State of Michigan on April 8, 1969. It was formed as a non-profit organization to provide ambulance services with volunteer staff to residents of Perry Township and adjacent communities.

BASIS OF ACCOUNTING

The financial statements of Perry-Morrice-Shaftsburg Ambulance Service, Inc., have been prepared using the accrual basis of accounting.

CASH AND CASH EQUIVALENTS

The financial statements of Perry-Morrice-Shaftsburg Ambulance Service, Inc., considers all unrestricted liquid investments with a maturity of six months or less to be cash equivalents.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, or if donated, at the fair value at the time of donations. Such donations are recorded as unrestricted unless the donated asset has been restricted by the donor to a specific purpose.

REVENUES

Perry-Morrice-Shaftsburg Ambulance Service, Inc., receives primarily all of its revenues through user fees (direct billings) and service contracts with Antrim, Woodhull, Bennington and Perry Townships.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Perry-Morrice-Shaftsburg Ambulance Service, Inc., has received contributions with donor-imposed restrictions that would result in temporarily restricted net assets.

INCOME TAXES

The organization is recognized by the State of Michigan as a not-for-profit corporation. Additionally, it was granted tax exempt status under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, it is exempt from income taxes.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2005

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISK

Perry-Morrice-Shaftsburg Ambulance Service, Inc., maintains its cash balances in two financial institutions.

	<u>BALANCE</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Checking	\$38,622	\$38,622	\$ -0-
Savings/Certificates	<u>24,732</u>	<u>24,732</u>	<u>-0-</u>
	<u>\$63,354</u>	<u>\$63,354</u>	<u>\$ -0-</u>

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2005:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Land	\$ 13,105	\$	\$ 13,105
Building	<u>151,872</u>	<u>59,937</u>	<u>91,935</u>
	<u>\$164,977</u>	<u>\$ 59,937</u>	<u>\$105,040</u>

Depreciation is calculated based on the assets estimated useful life, generally five years for personal property and 31.5 years for real property. Depreciation expense for the periods ending September 30, 2005 is \$6,484.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE C - CONTRACTS FOR SERVICES

The corporation has entered into contracts with adjacent townships to provide ambulance services to their residents. Each Township will pay for this service by the levy of special assessments.

For the periods ending September 30, 2005, Township revenues are as follows:

Perry	\$ 3,750
Woodhull	22,898
Bennington	16,060
Antrim	2,798
Shiawassee	<u>10,080</u>
	<u>\$ 55,586</u>

NOTE D - LONG-TERM DEBT - NOTES PAYABLE

At the beginning of 2005, PMSA Service, Inc., had a debt responsibility of \$95,097.48 with Fifth Third Bank at an interest rate of 7.0%. This debt consisted of the building and financing for the purchase of equipment leases that were in place in 2002 that were approved to be paid off early. During 2005, payments on this debt were as follows:

<u>PERIODS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
September 30, 2005	<u>\$7,679.43</u>	<u>\$4,860.27</u>	<u>\$12,539.70</u>

Principal balance due to Fifth Third Bank at 09-30-05 is in the amount of \$87,418.05. Maturities by year are as follows:

Fiscal Year Ending December 31, 2005	\$ 1,767
2006	10,724
2007	<u>74,927</u>
	<u>\$ 87,418</u>

Final payment in April 2007 is a balloon payment in the amount of \$71,457.

PERRY-MORRICE-SHAFTSBURG AMBULANCE SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2005

NOTE E - LINE OF CREDIT

In January 2003, the corporation entered into an agreement with Fifth Third Bank to establish a line of credit in the amount of \$30,000 drawing entire \$30,000 on January 13, 2003 for operation funds.

In July 2003, the line of credit was increased from \$30,000 to \$60,000. As of September 30, 2005, there are no amounts due on the line of credit.

NOTE F - BAD DEBT/CONTRACTUAL ADJUSTMENT EXPENSE

BAD DEBTS

Perry-Morrice-Shaftsburg Ambulance Service, Inc., uses the direct write off method for accounting for bad debts. The board approves writing off those accounts which have been determined to be uncollectible.

Perry-Morrice-Shaftsburg Ambulance Service, Inc., expensed a total of \$49,443 of bad debt.

NOTE G - TEMPORARY RESTRICTED ASSETS

The cash in the Training Fund CD accounts has been board and donor restricted to serve the sole purpose of paramedic training expenses.

NOTE H - ACCOUNTS RECEIVABLE

	LESS THAN 91 DAYS	91-180 DAYS	OVER 180 DAYS	TOTAL
CRP Billing Services	\$ 1,228.32	\$ 2,983.80	\$ 6,023.89	\$ 10,236.01
Adv. Life Support				
Runs	-0-	840.00	1,566.00	2,406.00
TOTALS	\$ <u>1,228.32</u>	\$ <u>3,823.80</u>	\$ <u>7,589.89</u>	\$ <u>12,642.01</u>

The Advance Life Support accounts receivable may be overstated because there is an undeterminable amount recorded that may result in write offs.

NOTE I - CLOSING

On June 22, 2005, Perry-Morrice-Shaftsburg Ambulance Service, Inc., discontinued providing ambulance and advanced life support services to the community.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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November 29, 2005

RECEIVED
DEPT. OF TREASURY

DEC 27 2005

Board of Directors

Perry-Morrice-Shaftsburg Ambulance Service, Inc.
10932 S. Bennett Drive
Morrice, Michigan 48857

LOCAL AUDIT & FINANCE DIV.

During our recent examination of the financial statements of the Perry-Morrice-Shaftsburg Ambulance Service, Inc., for the periods ending September 30, 2005, we reviewed your accounting practices and procedures and wish to make the following comments and recommendations.

There were no comments or recommendations for the current year.

We would like to compliment management and the staff of Perry-Morrice-Shaftsburg Ambulance Services, Inc., for the excellent cooperation we received during the audit.

Very truly yours,

Demis and Wenzlick, P.C.

Certified Public Accountants